

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-435

July 26, 2001

COMMUNITY SERVICE TELEPHONE COMPANY  
Application For Approval to Issue Securities and to  
Mortgage Real Property (Up to \$2,000,000)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

On June 25, 2001, Community Service Telephone Company (CST or the Company) filed a Petition for Approval of Loan and Related Transactions, pursuant to 35-A M.R.S.A. §§ 901, 902 and 1101. The Company seeks the approval by the Commission of a loan to CST and CST's granting of a security interest in all of its property to secure the loan. The purpose of the loan is to finance certain capital expenditures and refinance existing debt. The proposed loan, in the amount of up to \$2,000,000, is to be made by CoBank and is to be secured by a security interest in CST's property. Approval of this loan is delegated to the Director of Finance, and this Order approves the Company's request.

**II. DESCRIPTION OF THE TRANSACTION**

The proposed credit facility will consist of a \$2,000,000 senior secured multiple draw term loan. The Company will have approximately 2 years in which to draw down the full loan amount, and it will use the proceeds to refinance an existing line of credit from CoBank, to finance various capital projects and for working capital and general corporate purposes. The Company indicates that it will use most of the money for items contained in its 2001 capital spending budget, such as upgrades and additions to its central office equipment and outside plant facilities.

Under the terms of the loan, the Company may select one of several interest rate options for each principal amount that it draws under the loan. The Company will owe the lender interest only for approximately the first two years of the loan term, and the loan principal is to be completely repaid on or before September 30, 2011. If the Company decides to prepay the loan, it will be subject to certain prepayment costs, which are fairly standard in a loan of this type. The borrowing also contains an origination fee and a commitment fee on any unused portion of the loan amount.

**III. DECISION**

Pursuant to an Amended Delegation Order dated January 9, 1996, in Docket No. 94-401, the Commission delegated to the Director of Finance its authority under 35-A M.R.S.A., Chapters 9 and 11 to approve telecommunications and electric utility

financing applications including those involving mortgaging utility property, for loans from Maine Municipal Bond Bank, Rural Utility Service, Cooperative Finance Corporation, and CoBank or their successors. This delegation in no way limits the the Commission's authority to review the decision of the Director of Finance pursuant thereto or to directly consider such applications. The Director of Finance's approval shall be in the form of an Order, copies of which shall be maintained by the Administrative Director.

Having reviewed the application of the Company, including data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the notes are required in good faith for the purposes enumerated in 35-A M.R.S.A. §901 and §1101. In approving this securities issue, consistent with normal practice and pursuant to 35-A M.R.S.A. §902(4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, I

#### O R D E R

1. That Community Service Telephone Company is authorized to issue its notes in a sum not to exceed \$2,000,000 to be used solely for the purposes described in this Order and to be issued substantially under the terms and conditions described in its application.
2. That the Company report to the Director of Finance, in writing, its doings pursuant to this Order within sixty (60) days of the date of the closing of the proposed loan, or by December 1, 2001, whichever may come first.

Dated at Augusta, Maine, this 26<sup>th</sup> day of July, 2001.

BY ORDER OF THE DIRECTOR OF FINANCE

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Richard Kania  
Acting Director of Finance

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.